

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6633

BILL NUMBER: HB 1126

NOTE PREPARED: Jan 1, 2014

BILL AMENDED:

SUBJECT: Wage Payment and Wage Assignment.

FIRST AUTHOR: Rep. Ober

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that an employer who fails to make timely payment of wages to an employee may be ordered by a court to pay an award of: (1) liquidated damages for at least 10% of the unpaid wages; and (2) a reasonable fee for the employee's attorney, if the total award is less than double the past due wages.

The bill also provides that an employee may assign wages for: (1) the purchase, rental, or use of uniforms or equipment necessary to fulfill the duties of employment; (2) reimbursement for education or employee skills training; and (3) an advance for payroll or vacation pay.

Effective Date: July 1, 2014.

Explanation of State Expenditures: The bill affects the state as an employer.

Wage Payment Claims: The bill affects damages that may be awarded to employees who successfully argue a wage payment claim in court and the failure of the employer to pay the wages is shown to have been in bad faith. Under current statute, damages do not include reasonable fees for the employee's attorney. Currently, if the judge requires the employer to pay these fees, it is done outside of any damages awarded. The bill changes this so that the payment of reasonable attorney fees are included under the liquidated damages guidelines, which may not be greater than double the amount of the unpaid wages in question. Any damages to the employee are generally awarded in addition to the unpaid wages in question.

Wage Assignment: The bill allows employees to assign wages to their employers for mandatory uniforms, reimbursement of education or skills training, and advances for payroll or vacation pay. These assignments

are not currently allowed unless authorized by the employee in a revocable contract. The impact of this provision is dependent upon the decisions of employers.

Additional Information: The Indiana Department of Labor (DOL) does assist, in many cases, in wage payment claim recovery. Specifically, DOL assists with 2,000 claims per year, of which 80% or more result in wage payment recovery for the employee. Those claims that are not resolved by DOL (as well as those claims outside of DOL jurisdiction, such as those claims where the unpaid wages exceed \$6,000), must be handled by the employee and a private attorney via the court system. It is unknown how many total wage claims are handled outside of the DOL.

Explanation of State Revenues:

Explanation of Local Expenditures: The bill affects local units as employers.

Explanation of Local Revenues:

State Agencies Affected: DOL, All.

Local Agencies Affected: All.

Information Sources: Nick Barbknecht, DOL, nbarbknecht@dol.in.gov; DOL Wage & Hour FAQs, <http://www.in.gov/dol/2345.htm>; Indiana Department of Labor, *2nd Quarter, Calendar Year, 2013 Performance Metrics*, http://www.in.gov/dol/files/DOL_Quarter_2_2013_Performance_Metrics.pdf.

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